

2005
Annual
Report

**Washington
Farm Service Agency**

*Benefiting
Americans through
Agriculture*



January 2006

Introduction

Every 5 years, Congress sets agricultural policy in the Farm Bill. The policy aims to stabilize farm income and in doing so, ensure that farmers and ranchers continue to supply the nation with a dependable and inexpensive food supply. The U.S. Department of Agriculture Farm Service Agency administers programs to achieve the policy set forth by Congress in the Farm Bill and any ad hoc programs Congress authorizes between Farm Bills.



Farm Service Agency employees take pride in our service to farmers and ranchers in Washington's rural communities where many of our employees are located. We also take seriously our responsibility to taxpayers to ensure that the programs are implemented fairly and equitably and that federal dollars are distributed as Congress intended. With that in mind, we present the information contained in this report.

Sincerely,

James F. Fitzgerald
FSA State Executive Director

Price Support

Direct and Counter-Cyclical Payment Program

During Fiscal Year (FY) 2005, the federal government paid farmers a total of \$78,448,143 in Direct and Counter-cyclical Payments and 11,715 farms benefited. A strong, viable, agricultural sector was ensured through Direct Payments. Americans were supplied an abundant and safe source of grain products. Rather than current production, payments were based on historical acreage bases and payment yields to avoid governmental control of supply.

When the price producers received for their product was less than the target price for eligible commodities, they received Counter-cyclical Payments. Economic, safety nets were provided when prices reached a minimum level. Only corn and barley had prices lower than their target for the 2004 crop year. Consequently, FSA paid \$52,583 in Counter-cyclical Payments during FY 2005.

*"The programs are pretty essential for wheat growers. The Direct Payments make up a significant portion of a wheat producer's bottom line."-
Jeff Emtman, 2005 President of the Washington Association of Wheat Growers.*

Hard White Wheat Incentive Program (HWWIP)

Since the 2002 Farm Bill, the Hard White Wheat Incentive Program provided financial incentive for producers to grow hard white wheat for production and certified seed. The program neared its nation-wide funding limit of \$20 million during FY2005. Payments were lower compared to prior years. In 2005, hard white wheat producers received \$337,675 in payments. Payments benefited 156 producers representing 111 farms.

Milk Income Loss Contract Program (MILC)

Dairy producers benefited from the Milk Income Loss Contract (MILC) program in the amount of \$114,560. When domestic milk prices fell below the established price per hundredweight, eligible dairy producers were paid monthly payments as part of the MILC program, which has no set funding levels.



Price Support

Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments

When market prices were low, FSA offered Nonrecourse Marketing Assistance Loans (MAL), which met cash-flow needs at low interest rates. Payments were made to producers of wheat, corn, grain sorghum, barley, oats, soybeans, other oilseeds, rice, upland and extra long staple cotton, peanuts, honey, wool, mohair, dry peas, lentils, and small chickpeas. Eligible producers stored production at harvest and marketed commodities at a better, economic time during the year. FSA disbursed 1,185 Marketing Assistance Loans for the amount of \$48,111,831.

Producers who chose not to obtain eligible Commodity Credit Corporation (CCC) loans, had the option to receive Loan Deficiency Payments (LDPs). LDPs were equal to the difference between what a producer would have received under a loan and the current local price. With the 2002 Farm Bill, LDPs became available for the first time to dry pea, lentil and small chickpea growers. During FY2005, 6,427 LDP payments were made with benefits of \$18,141,801 for the previous year's crop.

In 2002, the dry peas, lentils, and small chickpeas industry became eligible for the Marketing Assistance Loan (MAL) program.

"I applaud FSA's administration of MAL. It financially benefited our industry and eligible growers participated 100%. Each FSA office did a great job of explaining and educating growers through the regulatory process, as well as educating their office staff."

Tim McGreevy, Executive Director of USA Dry Peas, Lentils, & Chickpeas.

Ewe Lamb Replacement and Retention Payment Program (ELRRPP)

"Sheep producers were happy to receive assistance through ELRRPP. It helped increase incomes and reduced some expenses." - **Mike Blakely, President of Columbia Basin Sheep Producers.**

This was the first year of the \$18 million program. During FY2005, 186 sheep producers received ELRRPP payments in the amount of \$79,974. Congress intended the program to enhance the competitiveness of the domestic lamb and sheep industry and to reestablish producers' purchasing power. Producers who provided records were paid \$18 per head for ewe lambs that were purchased or retained between August 1, 2003 and July 31, 2004.

Trade Adjustment Assistance (TAA)

An increase in imports contributed to a decline in salmon prices in the 2003 calendar year. As a result, if salmon producers experienced a drop in income, the Trade Adjustment Assistance (TAA) program helped them compete internationally. TAA benefits were paid in FY2005, if losses occurred in 2003. About 435 salmon producers appreciated the \$1,659,827 in TAA benefits that they received.

Farm Storage Facility Loans

When farmers had storage needs for harvested crops, FSA helped through the Farm Storage Facility Loan Program. It provided low interest, seven-year loans for producers who demonstrated their need of additional storage because of low market conditions. As of the end of FY2005, FSA made a total of 35 cumulative Farm Storage Facility Loans for over \$1.1 million.

"To me the Farm Storage Facility Loan Program means: Simple, Smart, and added Storage. It was simple to do and a smart way to fund my additional, storage needs. My first loan was used to build new storage bins. My second one will be used to update old bins on leased property. I recommend the program." - **Bruce Nelson, fourth generation farmer, who grows wheat, peas, lentils, barley and nursery trees.**



Conservation

Conservation Reserve Program (CRP)

The Conservation Reserve Program (CRP) compensated producers who idled environmentally-sensitive lands under contracts of 10 to 15 years, which provided income stability. Producers were paid annual rental and 50% cost-share payments for establishing approved ground cover on eligible cropland. CRP reduced erosion, and enhanced wildlife habitats, water quality, and air quality. In 2005, CRP contracts were extended for one year, and no general sign-ups occurred. For FY2005, total CRP acres were 1,391,993 and landowners were paid \$76,999,324.



Conservation Reserve Enhancement Program (CREP)

The Conservation Reserve Enhancement Program (CREP) began in 1998. It provided income for agricultural landowners based on 10 to 15 year contracts. Participants in CREP adopted specific conservation practices to enhance salmon habitats and received annual rental payments and cost-share assistance to establish long-term covers on eligible lands. FSA partnered with the state of Washington in contributing to the compensation. Washington paid 20%, while the federal government paid 80%. Last year, \$1,562,667 was paid on 577 contracts for protecting salmon habitat and planting 567 miles of stream banks with buffers.

*"From a wildlife standpoint, USDA's Conservation Reserve Program (CRP) is one of the most successful conservation programs in the history of the farm bills. For example, there are 1.3 million acres in CRP, amounting to \$73 million dollars to landowners. CRP provides deep soil habitats, which were lost from agricultural use. It provides unique habitats that are lacking for many species of wildlife. The two poster children are sage grouse and sharp-tailed grouse. However, other species should not be minimized that benefit from CRP lands, such as deer, small birds, reptiles, and other wildlife, which are not as publicized. Currently, CRP is the only main, financial incentive for private landowners to provide wildlife habitats."***-Don Larson, Washington Dept. of Fish and Wildlife.**

Grassland Reserve Program (GRP)

The Grassland Reserve Program (GRP) prevented grassland from being developed for other uses. Producers were compensated, mostly ranchers, for maintaining grasslands under long-term contracts. In the past, there were not as many producers who benefited from this program because usually expensive, permanent easement, long-term contracts were made. The Washington Cattlemen's Association suggested a two-part distribution of GRP funds: easement contracts and rental agreements. The distribution encouraged more participation, thus protecting more land. The State Technical Advisory Committee recommended a ranking system, based on points, wherein the highest ranking was given to those who managed land environmentally. Contracts were awarded based on bids which provided the greatest environmental benefits. Twenty-one ranchers received GRP funding in the amount of \$595,185. GRP land amounted to 5,669 acres.

*"There were many drought-related issues that surfaced this year, such as spring water hauling. In March, when Jim Fitzgerald spoke to members, he explained how the Grassland Reserve Program (GRP) worked. It was somewhat new to members. If landowners maintained grasslands with an environmental component, they could receive income through GRP's long-term contracts."***-Jack Field, Executive Vice President of Washington Cattlemen's Association.**

Disaster Assistance

Non-Insured Crop Disaster Assistance Program (NAP)

When crop insurance was not available, producers had the option of enrolling in NAP. When a natural disaster occurred, NAP helped producers recoup a portion of their crop losses and manage their overall business risk. During FY2005, Washington producers benefited in the amount of \$495,641.



Disaster Assistance

Crop Disaster Program (CDP)

"The devastation was widespread, and the majority of growers were impacted. They were happy to receive something for their crops, especially since alfalfa is not a federally subsidized crop. When devastation hits, FSA disaster programs help." - **Tim Woodward, Franklin County Cooperative Extension.**

action to financially support producers through CDP illustrated FSA's goal to help in sustaining agriculture. Producers benefited with a funding amount of \$31,387,995.

The Crop Disaster Program (CDP) reimbursed eligible producers for crop losses and prevented plantings from adverse weather or related conditions in fiscal years 2003 and 2004. Congress acted quickly for producers. The paperwork was signed in October 2004, and the program was implemented in March 2005. The speedy

"CDP didn't fund completely my financial soundness, but the funds helped, so I could pay the equipment dealer or another supplier. There's a trickle-down effect to other business owners. My family's loss and the other losses sustained by other families supported by my farming business aren't any different from the losses sustained by families that were devastated from Florida's hurricanes. Farmers need help with disasters too." - **Chep Gauntt, President of the WA State Hay Growers Association.**



Emergency Conservation Program (ECP)

Producers received cost-share dollars through the Emergency Conservation Program (ECP) to repair drought-related damage to agricultural lands. ECP funds were used to haul water for livestock and develop water sources for livestock and orchards. The twelve counties that received ECP funds were: Adams, Asotin, Benton, Chelan, Douglas, Ferry, Garfield, Kittitas, Klickitat, Lincoln, Okanogan, and Yakima. The financial impacts caused by drought were lessened, and some producers were helped to continue in business. Taxpayers benefited by ECP's support of agricultural infrastructure. For FY2005, \$1,000,449 was allocated for ECP.

Tree Assistance Program (TAP)

The Tree Assistance Program (TAP) compensated orchard and vineyard producers for tree losses from winter freeze or other natural disasters that occurred in 2004. TAP helped growers, who lost trees, start over with new trees. Twenty producers benefited in the amount of \$362,474.

Livestock Assistance Program (LAP)

The Livestock Assistance Program (LAP) assisted producers by offsetting some pasture losses from the 2003 drought. The one-time program funded last year and had no funding limits. Generally, producers that applied and were impacted by drought received funding. As many as 466 producers benefited in the amount of \$1,195,436.

"It (LAP) gave them a management tool to recover some drought-related losses, and it helped balance their daily risks." - **Jack Field, Executive Vice President of Washington Cattlemen's Association.**

Emergency Loan Program (ELP)

The Emergency Loan Program (ELP) provided emergency loans to producers, who could not obtain commercial credit and suffered loss from natural disasters. ELP helped some producers stay in business. For FY2005, seven loans were funded in the amount of \$866,980.

Loans

Loan Programs

Through FSA loan programs, the agency helped beginning farmers and ranchers and those who had financial setbacks access financial capital to purchase or operate farms during 2005. FSA offered a guarantee to commercial lenders so that they were more willing to provide credit to farmers and ranchers. Those who still had difficulty obtaining commercial credit, had the option of applying for a loan through the FSA Direct Loan Program. Under the Direct Loan Program, FSA provided supervised credit to eligible producers.

"FSA loan funds helped Latinos progress from farm workers to farm owners and helped with farm operating and equipment expenses. Last year, there were informational meetings and training workshops in Spanish. FSA is working to improve services to Latinos." -

Salvador Castaneda, Director of the Center for Latino Farmers during 2005.

Direct Operating Loans

Operating Loans provided farmers with the financial capital to operate their farms. These loans included the Direct Operating Loan Program (OL) and Youth Loans. FSA obligated \$12,509,168 to 218 producers for Direct Operating Loans. This included 50 youth loans.

Direct Farm Ownership Loans

Another category of FSA Direct Loans was Farm Ownership Loans, which helped farmers purchase farms. These also included Beginning Farmer and Rancher Loans, Down-payment Farm Ownership Loans, and Indian Tribal Land Acquisition Program (ITLAP). Twenty-three producers received Direct Farm Ownership Loans in the amount of \$3,352,010.

Guaranteed Farm Ownership Loans

The Guaranteed Farm Ownership Loan Program was intended for buying farm land, constructing or repairing buildings and other fixtures, refinancing debt, or promoting conservation. Forty-six producers benefited from this program in the amount of \$12,349,818.

Guaranteed Operating Loans

The Guaranteed Operating Loan Program was intended for operational and production expenses. Two hundred twenty-nine producers benefited from this program in the amount of \$45,757,822.

Both Guaranteed Ownership and Operating programs reserved a certain percentage of loan funds for beginning farmers, ranchers and minority applicants.

Youth Loans

Youth Loans provided funds for youths, ages 10-20. Participation required the selection of an income-producing project through the 4-H Club, Future Farmers of America, or another organized group. Loan repayments were from the financial gains of individual projects. Adult leadership was required throughout the loan process. Youth Loans increased FSA's visibility and benefited individuals who may represent the future in U. S. agriculture. During FY2005, 50 Youth Loans funded in the amount of \$93,738. Ten tribal youths benefited.



Trenton Pimms, a student at Toppenish High School in Yakima County, first heard about the FSA's Youth Loan Program from an FSA speaker at a Future Farmers of America meeting. He used the money to raise two market hogs, which he sold, and from the proceeds repaid his loan. *"It was my first real project on my own. It was a chance to change my future in the way that I pursue my interests. My experience also influenced me to run for an FFA office. I am now the Vice President of my FFA chapter. Without the Youth Loan Program, I could not have had the opportunity to market hogs and learn the things that benefited me."*

Program Delivery

County Offices

FSA delivered programs and services at the local level through 25 offices, which were managed by 22 County Executive Directors. Producers were served one-on-one over the counter in county offices.

State & County Committees

The county committee system is unique in the federal government. County committee members were locally elected to represent their agricultural communities. Members ensured that FSA programs at the county level were fairly administered and that FSA procedures were followed honestly. State committee members have broader perspectives of the agricultural interests in the state of Washington. They provided guidance for statewide aspects of the federal programs, ascertained that FSA programs were administered correctly, and handled appeals from the counties.



Compliance

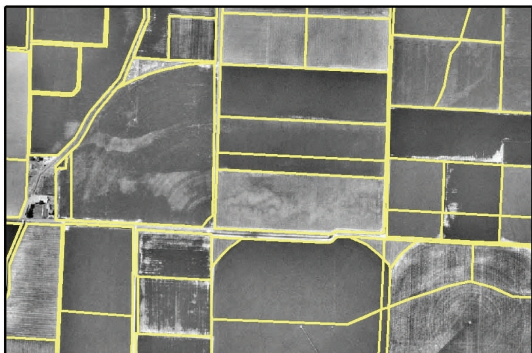
As part of program implementation, FSA spot-checked program beneficiaries and payments. Compliance guaranteed fairness to all producers, whether one had few or many acres. It also protected taxpayer dollars and the integrity of FSA programs.

Agricultural Mediation Program

In addition to appealing to county committees or the state committee, producers had the option of requesting mediation if they did not agree with an agency decision. For the past ten years, the Agricultural Mediation Program has been used successfully to resolve disputes over program payments. Provisions were available for Spanish-speaking individuals. During FY2005, there were eleven mediations which avoided costly court costs for producers and FSA.

Technology

Two years ago, USDA implemented the transition from paper to digital maps through Geographic Information Systems (GIS), a software program. In the near future, producers will benefit from access to better, free maps from any county office and from more stream-lined systems with compliance. This will mean significant cost savings for taxpayers. GIS, with its capabilities for analysis, will provide access and management of FSA services from broader perspectives. GIS will give producers a global, competitive edge in marketing. In 2005, the national office developed the Geo-data Toolset to facilitate personnel training in GIS.



In 2005, FSA stepped up its online, or e-Government, capabilities. Producers were encouraged to enroll in FSA programs online and access information. Thus, producers lessened trips to local FSA offices, resulting in more time for their farming or ranching businesses. FSA developed more improvements with eGov services for producers.

More information about Farm Service Agency programs in Washington state may be obtained from the FSA website <http://www.fsa.usda.gov/wa/> or by calling your local FSA office listed under United States Department of Agriculture.

Washington State FSA Office Directory

County	Address	Phone Number
Adams	506 Weber Ave Ste A, Ritzville 99169	509-659-1761
Asotin	720 6th St Ste B, Clarkston 99403-2012	509-758-7821
Benton	415 Wine Country Rd, Prosser WA 99350	509-786-2313
Chelan	301 Yakima St Rm 303, Wenatchee 98801-2966	509-664-0283
Clallam/Jefferson/ Snohomish/ N. King	Serviced by Snohomish Co. 528-91st Ave NE Ste B, Everett 98205-1535	425-334-3131
Clark/Cowlitz/Skamania/ Wahkiakum	Serviced by Clark Co. 11104 NE 149 St Bldg C Ste 500, Brush Prairie 98606-9518	360-883-1987
Columbia	202 S 2nd St, Dayton 99328-1327	509-382-2421
Douglas	103 N Baker St, PO box 489, Waterville 98858—0489	509-745-8561
Ferry	84 E Delaware Ave, PO Box 323, Republic 99166-0323	509-775-3390
Franklin	1620 Road 44, Pasco 99301-2667	509-545-8543
Garfield	804 Main St, PO Box 18, Pomeroy 99347-0018	509-843-1997
Grant	2145 Basin St SW Ste A, Ephrata 98823-9617	509-754-2463
Grays Harbor/Lewis/Pacific	Serviced by Lewis Co FSA 1554 Bishop Rd, Chehalis 98532-8710	360-748-0083
Island/San Juan/Skagit	Serviced by Skagit Co FSA 2021 E College Way Ste 212, Mt Vernon 98273-2373	360-428-7758
S. King/Kitsap/Mason/ Pierce/Thurston	Serviced by Pierce Co FSA 1011 East Main Ave, Ste 406, Puyallup 98372-6768	253-445-9899
Kittitas	607 East Mt View Ave, Ellensburg 98926-3863	509-925-8585
Klickitat	1107 S Columbus Ave, Goldendale 98620-9296	509-773-5822
Lincoln	1310 W Morgan St, PO Box 47, Davenport 99122-0047	509-725-4501
Okanogan	1251 2nd Ave S Rm 103, Okanogan 98840-9723	509-422-3292
Pend Oreille/Spokane	Serviced by Spokane Co FSA 8815 E Mission Ave, Ste B, Spokane Valley 99212	509-924-7350
Stevens	232 Williams Lake Rd, Colville 99114-9689	509-685-0858
Walla Walla	1501 Business One CIR Ste 100, Walla Walla 99362-9526	509-522-6347
Whatcom	6975 Hannegan Rd, Lynden 98264-9620	360-354-5658
Whitman	805 Vista Pt Dr Ste 1, Colfax 99111-9585	509-397-4301
Yakima	1606 Perry St Ste A, Yakima 98902-5769	509-454-5746
State Office	316 W Boone Ste 568, Spokane 99201-2350	509-323-3000

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